

Government Purchasing Agency



**Annual Report
2005 - 06**


**Newfoundland
Labrador**

Government Services

Message from the Minister



Pursuant to the 2003 Speech from the Throne, it is my honour to present the Government Purchasing Agency Annual Report for fiscal year 2005-06. As Minister responsible for the Government Purchasing Agency I am accountable for the information presented in this report.

The mandate of the Government Purchasing Agency is to provide leadership and support to government-funded bodies in the area of procurement through purchasing, auditing, reporting, training and advisory services. These services are delivered through the two divisions of the Agency: Purchasing, Policy and Administration Division and Audit, Information and Training Division.

The purpose of this report is to promote a better understanding of the Agency's activities and policy directions in relation to its mandate. This is accomplished by providing an overview of the Agency and highlighting key statistics and accomplishments and identifying potential opportunities and challenges for 2006-07.

I would like to take this opportunity to acknowledge those who contributed to this report and the dedication of the staff of the Government Purchasing Agency.

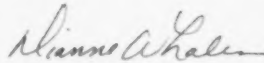
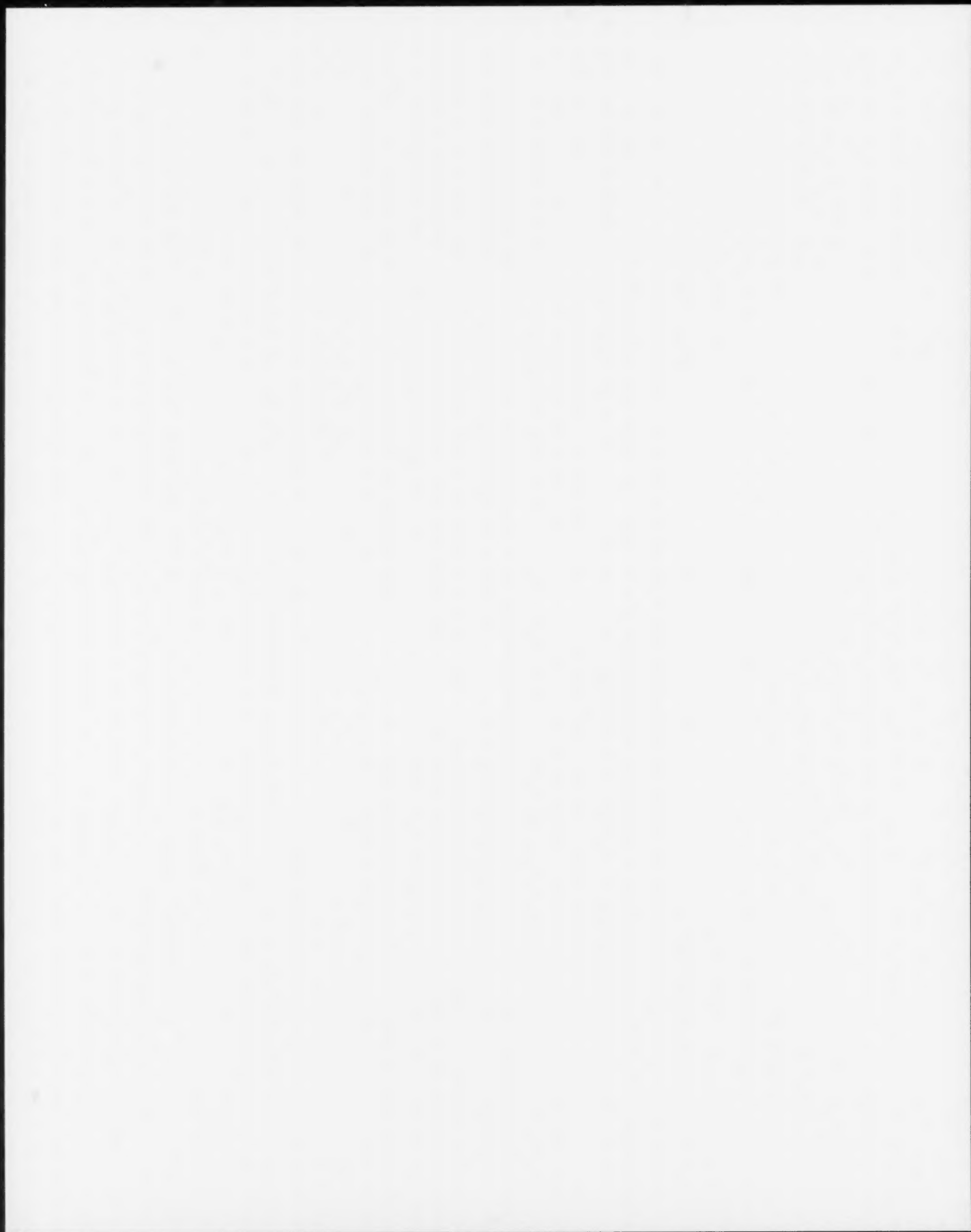

Dianne Whalen
Minister



Table of Contents

Government Entity Overview	1
Mandate	1
Organizational Structure	2
Lines of Business	3
Procurement	3
Audit, Information and Training	3
Vision	4
Program Areas and Activities	5
Purchasing	5
Auditing	7
Reporting/Information	7
Training	8
Supplier Development	9
Shared Commitments	10
Public Sector	10
Industry	10
Federal/Territorial Governments	11
Highlights	12
Opportunities and Challenges	14
Statement of Expenditure and Related Revenues	15



Government Entity Overview

1

The Government Purchasing Agency (the Agency) is an independent branch of the public service with 28 staff positions under the management and control of a Chief Operating Officer. The Agency operates under the authority of the Government Purchasing Agency Act and the Public Tender Act. The Government Purchasing Agency Act outlines the mandate of the Agency and provides for its operation while the Public Tender Act is the primary legislation that governs procurement in the public sector.

MANDATE

The Agency is responsible for the acquisition of goods and services that are required by the departments of the public service. In accordance with the Government Purchasing Agency Act, the Agency may delegate purchasing authority to government departments where it has been deemed to be in the interest of efficiency. The Agency has delegated purchasing authority to departments for low dollar value acquisitions and for immediate operational requirements. Acquisitions for goods and services that do not meet the criteria for delegated purchasing are transacted by the Government Purchasing Agency.

The Agency is also responsible for a joint purchasing advisory board, currently the Central Purchasing Authority, which was established to coordinate and administer a system of high volume procurement on behalf of government-funded bodies.

In addition, the Agency has a reporting function with respect to the Public Tender Act, including awards without tender invitation, awards to other than the preferred bidder and



information respecting the tender invitation and tender award. The Chief Operating Officer has the authority to provide an opinion with respect to the sufficiency of the grounds for exceptions to the Public Tender Act.

The Agency also has an auditing function and provides training on the Public Tender Act. The Agency, in conjunction with other departments, is tasked with the supplier development initiative for the province.

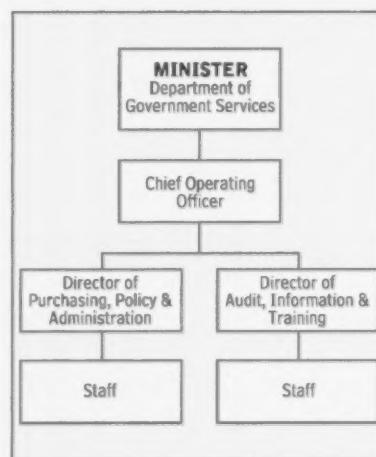
ORGANIZATIONAL STRUCTURE

The Agency is located in the Petten Building, 30 Strawberry Marsh Road, St. John's, NL and services all its clients from this location.

The Agency has a total of 28 staff positions with a female to male ratio of approximately 2.8:1. The Agency is organized into two divisions, the Purchasing, Policy and Administration Division and the Audit, Information and Training Division.

The Purchasing, Policy and Administration Division provides purchasing services to government departments and coordinates joint purchasing initiatives with departments and other government-funded bodies. In addition, this division determines purchasing policies, administers advertising and the corporate charge card program, disposes of government assets, and is responsible for the supplier development initiative and procurement agreements.

The Audit, Information and Training Division directs the audit and accountability function for the Government Purchasing



Agency. This division also provides training and information sessions to government-funded bodies, departments and the general public on procurement, and monitors and reports tender information and exceptions to the Public Tender Act.

LINES OF BUSINESS

The Purchasing, Policy and Administration Division and the Audit, Information and Training Division collectively ensure the efficient and effective delivery of programs and services under the following lines of business:

Procurement Cycle

The procurement cycle includes the advertising, tendering, acquisition of goods and services and the disposal of assets on behalf of government entities, as well as the provision of corporate charge cards to government employees.

In accordance with the Public Tender Act, goods and services in excess of \$10,000 are publicly tendered unless special circumstances exist. Acquisitions less than or equal to \$10,000 require three quotations or the establishment of a fair and reasonable price. As a result of the Atlantic Procurement Agreement and the Agreement on Internal Trade, local businesses can bid on tenders throughout the country, within established thresholds.

Audit, Information & Training

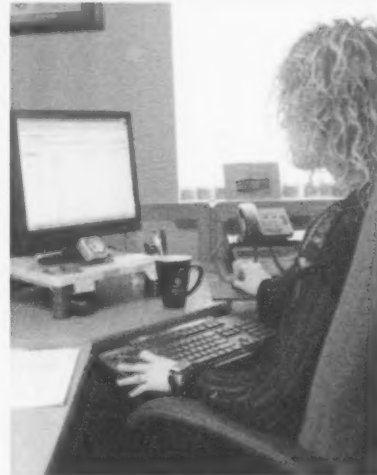
Information and training sessions are conducted in relation to the Public Tender Act, Government Purchasing Agency Act,



Atlantic Procurement Agreement, the Agreement on Internal Trade, and purchasing policies and procedures. Information sessions for the general public are designed to promote an understanding of the public procurement process. Training sessions for government departments and other government-funded bodies focus on the requirements of procurement legislation and standard purchasing practices. The Agency also has an auditing function, which promotes accountability and the proper application of procurement legislation.

VISION

The vision of the Government Purchasing Agency is of an informed public sector and supplier community participating in a transparent and equal opportunity procurement environment. Our programs and services are guided by this vision.



Purchasing

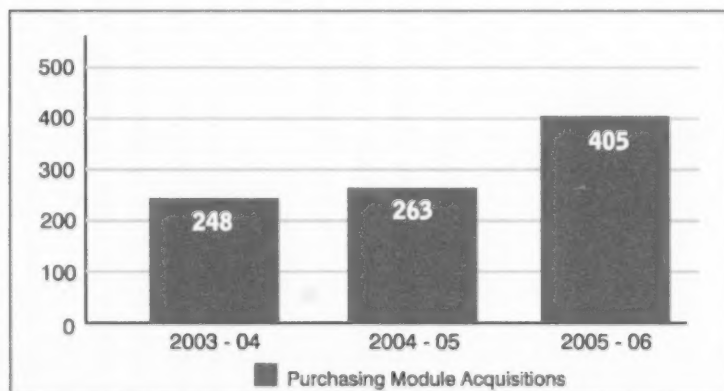
The Agency is responsible for the acquisition of goods and services required by government departments, in accordance with the Government Purchasing Agency Act. The Agency acquires goods and services for departments on an as and when required basis and establishes strategic government contracts for the supply of common items at set prices for specific periods.



The Government Purchasing Agency Act also provides for the delegation of purchasing authority, in whole or in part, where it is in the interest of efficiency. As a result, the Agency has delegated purchasing authority to government departments for low dollar value acquisitions and for immediate operational requirements. The Government Purchasing Agency Customer Manual includes guidelines for the use of delegated purchasing authority as well as an overview of the programs and services offered by the Agency.

The Agency also directs the Central Purchasing Authority, which was established to coordinate and administer a system of high volume procurement on behalf of government-funded bodies. Information on the activity of this entity may be obtained through the annual report of the Central Purchasing Authority.

In 2005-06, acquisitions made through the Oracle purchasing module by all government departments totaled \$405 million. This compares to \$248 million in 2003-04 and \$263 million in 2004-05.



The Agency maintains a website where the public may access information about procurement within the Government of Newfoundland and Labrador as well as bidding opportunities that may be available. The address of the website is www.gpa.gov.nl.ca. In 2005-06, the Agency posted its bidding opportunities with an estimated value of \$2,500 or greater to this website. Requests for Proposals issued by government departments, crown corporations, municipalities, academic institutions, school boards and health care facilities were also posted to the site, upon the request of the government-funded body.

The Government of Newfoundland and Labrador utilizes a Corporate Charge Card System for travel-related goods/services. This system, which is administered by the Agency, facilitates business travel for employees of the public service by offering an efficient method of payment for these types of acquisitions. In 2005-06, there were 2126 active cards within this system.

The Agency also coordinates and arranges for the disposal of crown assets by public tender, auction, transfer to another department or agency, or destruction. In 2005-06, the Agency administered nine public auctions and ten disposal tenders on behalf of government departments/agencies. The address of the website is www.gpa.gov.nl.ca/disposal/disreport.

Advertising is used as a method of communicating significant issues, vital information and bidding/employment opportunities to the people of Newfoundland & Labrador. The advertising requirements of government departments are generally coordinated through the Agency. In 2005-06, the approximate expenditure for coordinated advertising through the Agency for all government departments was \$1.4 million.





Auditing

The Agency conducts departmental audits that measure compliance with procurement legislation and the conditions of delegated purchasing authority. Investigative audits of the application of the Public Tender Act are conducted, as required.

The auditing function of the Agency promotes the proper application of procurement legislation, as well as accountability in the procurement process. In 2005-06, eight audits were conducted for government departments and government-funded bodies.

Reporting/Information

The Public Tender Act identifies the reporting responsibilities of the Agency with respect to exceptions to this Act. During 2005-06, monthly reports were submitted to the House of Assembly on behalf of government-funded bodies. Exceptions were reviewed by the Agency and clarification was sought, where required, to ensure accuracy in the reporting process. A process was developed by the Agency to provide opinions regarding the sufficiency of the grounds for an exception. Two opinions were provided during the 2005-06 fiscal year.

The development of a tender award reporting system continued during the 2005-06 fiscal. This system will permit government-funded bodies to enter tender and award information online in accordance with the requirements of Section 10.1 of the Public Tender Act.

The Agency is also responsible for the administration of the Public Tender Act as it relates to goods and services and for the administration of intergovernmental procurement agreements. In accordance with this responsibility, the Agency provided interpretative services to government-funded bodies with respect to procurement legislation and intergovernmental procurement agreements, upon request.

Training

Educational sessions for government-funded bodies are delivered by the Agency in consultation with other government departments or other agencies.

In 2005-06, twelve educational sessions were conducted with government-funded bodies to enhance participant knowledge of procurement legislation, trade agreements and purchasing-related policies and procedures. Five of these sessions were conducted with government departments and seven were conducted with other government-funded bodies.

An information session was also held in partnership with the Law Society of Newfoundland and Labrador in March 2006. This session was attended by procurement professionals in the public sector and was hosted by the Law Society of Newfoundland and Labrador. The presentation provided an overview of the various aspects of contract and purchasing law.



Supplier Development

The Agency collaborates with government departments and industry on supplier development initiatives.



In 2005-06, the Agency participated in eight supplier development sessions held in locations across the province, including Gander, Grand Falls-Windsor, St. John's, Marystown, Labrador City, Happy Valley-Goose Bay, Plum Point and Clarendville. These sessions provide the general public with information on procurement legislation and the purchasing practices of government-funded bodies.

The Agency was also invited to speak at the Opportunity Argentina 2005 Conference and Exhibition, hosted by the Argentina Area Chamber of Commerce in September 2005.

The Government Purchasing Agency relies on strong internal and external collaboration and consultation in the delivery of its programs and services.

Public Sector

The Agency collaborates with departments of the public sector in the development of tender specifications, the performance of technical evaluations and in the contract award process. The Agency also collaborates with other government-funded bodies in the preparation of specifications for tender/proposal documents.

During 2005-06, the Agency partnered with the Centre for Learning and Development to develop the Introduction to Purchasing Module of the Resource Management Package, which is a component of the Leadership and Management Development Strategy. Educational sessions for departmental support staff will also be delivered through this partnership arrangement to ensure consistent messaging in the application of the Public Tender Act and standard purchasing policies and procedures.

The Agency continues to support the provincial supplier development initiative and collaborates with the Department of Innovation, Trade and Rural Development in the promotion of supplier development opportunities. In 2005-06, the Agency participated in a number of supplier development sessions held throughout the Province.

Industry

The Agency also works with industry during the tendering process to ensure equal opportunity and access to



government business. This collaborative effort ensures that end users are aware of all products available in the market place and receive the goods and services that best meet their requirements.

Federal/Territorial Governments

The Agency administers the intergovernmental procurement agreements on behalf of the Province. The Government of Newfoundland and Labrador's involvement with these agreements has become a valuable means of reducing trade barriers among governments. The purpose of implementing intergovernmental procurement agreements is to establish a framework that will ensure equal access to procurement for all suppliers. These agreements contribute to a reduction in purchasing costs and the development of a strong economy. The Agency has a representative on all intergovernmental procurement committees.

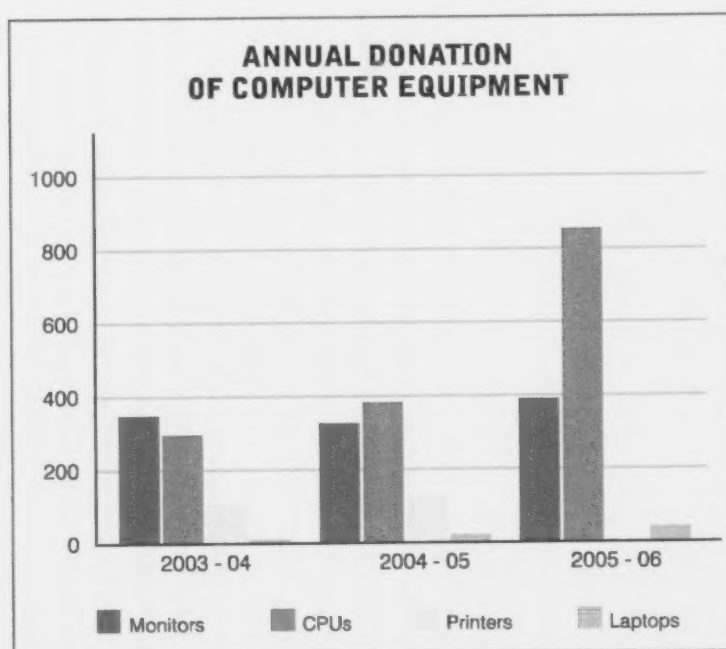
The Agency and the Office of the Chief Information Officer conducted a series of departmental workshops to identify the requirements for a new and enhanced purchasing system. The Agency is committed to exploring new initiatives and procurement solutions to further promote transparency and accountability in the procurement process.

The Introduction to Purchasing Module of the Resource Management Package, which is a component of the Leadership and Management Development Strategy, was developed in partnership with the Centre for Learning and Development. This educational module will provide management staff with information on legislative requirements and best practices in the field of public procurement. It is anticipated that introductory sessions will take place in 2006-07.

Computers for Schools (CFS) is a national program that operates in cooperation with all provinces and territories, the private and volunteer sectors. The program collects, repairs and refurbishes donated surplus computers from government and private sector sources and distributes them to schools, public libraries and not-for-profit learning organizations throughout Canada (<http://cfs-ope.ic.gc.ca/>).



The Agency continues to participate in this program through its disposal of crown assets initiative. The following chart depicts the contribution that the Agency has made to the Computers for Schools Program over the past three years through the donation of Monitors, CPU's, Printers and Laptops.



The Government Purchasing Agency looks forward to opportunities to advance its leadership role in the area of public procurement during 2006-07.

The Agency continues to examine efficient methods of procurement and new initiatives within the field of procurement, in its effort to continue to provide the best service to its clients within a fiscally responsible framework. The identification of the need for enhanced reporting within the purchasing environment provides an opportunity to review existing system capabilities and explore available technologies within the current market. It will be challenging to find a balance between user requirements and available funding.

It is anticipated that the opportunity to further explore supplier development initiatives, which will assist in expanding local capacity, will strengthen the relationship between public sector buyers and industry. Ongoing collaboration with the Department of Innovation, Trade and Rural Development and the provincial supplier base will further promote an understanding of the procurement opportunities within the public sector, as well as increase awareness of the local capabilities in meeting the procurement needs of government-funded bodies.

Statement of Expenditure and Related Revenues

15

FOR FISCAL YEAR ENDING MARCH 31, 2006

	<u>Estimates</u>		
	Actual	Amended	Original
	\$	\$	\$
	1,231,486	1,295,300	1,345,300
Less Revenue	(104,488)	(258,000)	(258,000)

Expenditure and revenue figures included in this document are based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for Fiscal Year Ended 31 March 2006.

